September 2004

Monthly Energy Chronology - 2004

The following chronology lists international events that hold significance for world energy markets. Sources include: Bloomberg, Dow Jones (DJ), Los Angeles Times (LAT), The New York Times (NYT), Reuters, USA Today (USA), The Wall Street Journal (WSJ), The Washington Post (WP), and World Markets Research Centre (WMRC).

January 2004

January 6 A previously undisclosed ruling by Lt. General Robert Flowers, head of the U.S. Army Corps of Engineers, exonerates Halliburton Company and its subsidiary Kellogg Brown & Root of any wrongdoing in its fuel-delivery arrangements with a Kuwaiti supplier. The decision comes after Pentagon auditors asserted that the company had overcharged the U.S. government. A full audit of the company's fuel contracts in Iraq is pending. (NYT, WP)

January 6 The United States renews economic sanctions against Libya despite Libya's announcement last month that it will abandon its weapons of mass destruction programs and comply with the Nuclear Non-Proliferation Treaty. U.S. officials state that sanctions will be maintained until evidence of compliance is seen. (WMRC)

January 7 The government of India approves plans to build a strategic crude oil reserve. The government plans to build a 37.5 million barrel stockpile, roughly equivalent to two weeks of demand. The project would make India one of the few countries in the world to hold such strategic reserves. (FT, Platts)

January 7 The government of Sudan and rebel leaders sign an agreement on sharing revenue from the country's oil exports. The two sides agree to equally divide net oil export revenue from southern Sudan for the duration of a 6-year "transition period," which began in July 2002. With the completion of a major oil export pipeline in July 1999, Sudanese crude oil exports have risen rapidly over the past three years, totaling roughly 195,000 bbl/d in 2002. The Sudanese government has been embroiled in conflict with rebel movements for more than 20 years. (AP, FT, NYT)

January 8 PetroChina cancels deliveries of crude oil to Japan. As both sides wrangle over pricing negotiations and China's domestic supply shortage grows, PetroChina cuts off the flow of Daqing crude oil to Japan, which in previous years had averaged between 60,000 and 100,000 barrels per day. (WSJ, WMRC)

January 12 Mexican state oil company, Pemex, announces that natural gas drilling has begun on the first four blocks awarded under its first round of "multiple service contract" tenders. The company expects the blocks to increase Mexico's natural gas production by 400 million cubic feet per day. Specially designed "multiple-service contracts" were created to cede more management control to foreign investors, while maintaining deference to Mexico's Constitution, which requires that Pemex retain exclusive rights to oil and gas exploration in Mexico. (WMRC)

January 12 The first of two new gasoline producing units comes online at Kuwait's Mina al-Ahmadi refinery. Once completed, the facilities are expected to turn Kuwait into a net gasoline exporter, having been a net importer in the past. The units will replace facilities which were destroyed during an explosion and fire in June 2000. (Reuters)

January 13 The U.S. Court of Appeals for the Second Circuit in New York rules that the U.S. Department of Energy violated federal energy and environmental regulations by amending a rule requiring manufacturers to increase the efficiency of residential air conditioners by 30% by 2006. In April 2001, the Department of Energy altered the rule to require a 20% increase in efficiency by 2006. Plaintiffs in the case--the Natural Resources Defense Council and Attorneys General from ten states--claimed that as originally intended the rule will eventually reduce electricity peak demand by 14,500 megawatts per year. (NYT, WP)

January14 Natural gas production begins at the Bayu Undan field, located in the Timor Sea and held jointly by Australia and East Timor. Development of Bayu Undan marks the first stage of development of the Joint Development Area agreed to between Australia and East Timor under the Timor Gap Agreement of March 2003. East Timor was internationally recognized as an independent state in May 2002 after decades of subjugation and civil strife. (WMRC)

January 15 The government of India repeals caps on foreign investment in private oil exploration and marketing companies, allowing overseas companies to develop wholly owned oil and gas units. Previously, such investments were capped at 51%. (NYT, WSJ)

January 18 Saudi Aramco formally inaugurates its new Haradh oil and natural gas facility. The Haradh plant is expected to boost Saudi natural gas production capacity by roughly 25%, most of which is slated for the domestic market. The Haradh facility also includes a gas-oil separation plant capable of processing 300,000 bbl/d, as well as infrastructure for delivering up to 170,000 bbl/d of condensates to the Kingdom's Abqaiq processing facility. Developing the country's relatively untapped natural gas potential could allow more oil to be allocated for export in the future. (Reuters, LAT, Platts)

January 19 A boiler explodes at Algeria's Skikda liquefied natural gas (LNG) export terminal killing at least 27 people. The explosion causes heavy damage to three of the facility's six liquefaction trains and shuts down operations at several adjacent facilities, including a refinery and crude oil and petroleum product loading terminals. Algeria is the world's second-largest LNG exporter, and the Skikda export terminal handles about one-quarter of the country's total LNG exports. (EIA, WMRC)

January 20 The prompt month crude oil futures price on the New York Mercantile Exchange (NYMEX) settles at $36.20 per barrel, surpassing $36 per barrel for the first time in 10 months. High prices are attributed to cold weather in the Northeast, which has boosted the demand for heating oil, as well as low commercial crude oil inventories. (WSJ)

January 22 U.S. Interior Secretary Gale Norton approves a plan to open parts of Alaska's North Slope to oil exploration and drilling. Nine million acres of Alaska's National Petroleum Reserve will be opened to long-term production. The site lies adjacent to the Arctic National Wildlife Refuge, which remains closed to oil and gas drilling. A lease sale is expected in June. (WP)

January 23 The Alberta Energy and Utilities Board (AEUB) in Canada orders 938 natural gas wells in northeastern Alberta to stop production in an effort to protect the subsurface pressures surrounding the province's sizeable oil sands reserves. The decision is made following a 6-year study by provincial authorities into the effects of natural gas production on oil sands reservoirs. A group of natural gas producers is later granted an appeal. With the inclusion of oil sands, which the AEUB estimates to total 174.4 billion barrels, Canada holds the second largest proven crude oil reserves in the world after Saudi Arabia according to some estimates. (WMRC)

January 26 Shipping of petroleum products resumes from Algeria's Skikda port, one week after a devastating explosion. Repairs continue at the port's oil refinery and LNG facilities. (WMRC)

January 27 Russia's LUKoil announces a new joint venture with Saudi Arabia's state oil company, Aramco, to explore for natural gas near the Kingdom's Ghawar field. Later in the week, similar deals are signed with China's Sinopec, Italy's Eni and Spain's Repsol YPF. The LUKoil project marks the first such deal since July 2003, when Royal Dutch/Shell and Total became the first Western companies to gain access to Saudi Arabia's hydrocarbon reserves since the nationalization of the Kingdom's petroleum industry in the 1970s. (WSJ)

January 28 A federal judge in Alaska imposes punitive damages of $4.5 billion ($6.75 billion with interest) on Exxon Mobil for the March 1989 oil spill by the supertanker, Exxon Valdez. Payment is to go to fishermen and residents of the Prince William Sound area, where the oil tanker ran aground and spilled an estimated 11 million gallons of oil. The decision marks the third effort to award such punitive damages after the previous two were struck down by a federal appeals court in San Francisco. Exxon Mobil plans to appeal. (NYT, WP)

February 2004

February 2 Front-month crude oil futures on the New York Mercantile Exchange settle at $34.98 per barrel, leaping by $1.93 per barrel in one day. This was the largest one-day jump in crude oil prices since October 12, 2000, when prices reacted to news of an attack on the Navy's USS Cole with a $2.81 per barrel increase. Traders attribute upward price pressure to low oil inventory levels in the United States. (WSJ)

February 3 Core shareholders for Russian oil majors Yukos and Sibneft sign an initial protocol on reversing their planned $13 billion merger. Combined into one entity, YukosSibneft, the company would have become Russia's largest oil firm, with an estimated production of roughly 2.4 million barrels per day. The merger was announced publicly by the two firms in April 2003, but in November 2003, Sibneft backed out of the deal following the arrest of Yukos president Mikhail Khodorkovsky. (NYT)

February 4 Andriy Klyuyev, Ukraine's Deputy Prime Minister, announces that his country will not reverse the Odessa-Brody pipeline, which extends from Ukraine's Black Sea port of Odessa northward to the city of Brody. The pipeline was designed to carry oil from the Caspian Sea region to Europe, but has been mostly dormant since its completion in 2000. Kiev had previously considered a Russian proposal to reverse the pipeline's flow, which would have provided Russia with a much-needed export outlet. (WMRC)

February 5 The Alberta Energy and Utilities Board grants approval to Shell's Jackpine oil sands project. The Jackpine project is expected produce 200,000 barrels per day of bitumen, which will in turn be processed into synthetic crude oil and possibly exported to the United States. No timetable has been set yet for the project, but some analysts suggest that production is unlikely to begin before 2011. (WMRC)

February 11 OPEC delegates meeting in Algiers agree to lower the cartel's output ceiling by 1 million barrels per day, to 23.5 million barrels per day, effective April 1. OPEC members also urged immediate compliance with the existing OPEC ceiling, as overproduction has been estimated at roughly 1.5 million barrels per day. Assuming full quota compliance, the decision could remove a total of 2.5 million barrels per day from the world market in April. (NYT, WSJ)

February 18 The U.S. Department of Transportation announces its decision to extend a rule giving credits to automakers for building vehicles which can run on ethanol. These credits can be used by automakers to meet federally mandated fuel economy targets. The credit, which was originally created under a law passed in 1998, was designed to encourage the use of alternative fuels, but has come under criticism as opponents charge that the duel-use vehicles which earn the credits almost always run exclusively on gasoline. In 2002, the Departments of Transportation and Energy and the U.S. Environmental Protection Agency reported that extending the credit could increase U.S. gasoline consumption by up to 14 billion gallons (total) between 2004 and 2008. (WSJ, NYT)

February 19 The Japanese government signs a deal in Tehran giving a consortium of Japanese companies the right to help develop Iran's Azadegan field. Tokyo's negotiations in Iran began in 2000, but heretofore had been slowed due to disagreements over terms with the Iranian side and diplomatic pressure from the United States against the deal. The deal stipulates that production begin in approximately two years and eventually reach a rate of 300,000 barrels per day. (WSJ, WMRC)

February 19 The Royal Dutch/Shell group announces that the Securities and Exchange Commission (SEC) has begun a formal investigation into the company's restatement of its oil and gas reserves. On January 9, 2004, Royal Dutch/Shell announced that it had overstated its proven oil and gas reserves by 3.9 billion barrels, or 20% due to overly optimistic assumptions about plans for developing its fields around the world. (NYT)

February 23 Algeria's Ambassador to the United States, Idriss Jazairy, says that preliminary results from an investigation into an explosion at the country's Skikda liquefied natural gas (LNG) terminal on January 19, 2004, indicate that the incident was caused by a leaking gas pipeline, not a faulty steam boiler as has been previously suspected. There are over 30 pending proposals for new LNG import terminals in the United States, and opponents of LNG have pointed to the Skikda catastrophe as evidence that the facilities are unsafe. A formal report from the Algerian government is pending. (LAT)

February 25 Total (France) and Petronas (Malaysia) sign an estimated $2 billion agreement with the National Iranian Oil Company to build Iran's first liquefied natural gas (LNG) export facility. The two-train facility will have a capacity of 390 billion cubic feet per year, with natural gas to come from Iran's South Pars field. Production of LNG is expected to begin in 2009. Iran holds the world's second largest natural gas reserves—after Russia—and development of LNG facilities would allow the country to export gas around the world. (WMRC)

February 25 Authorities in Kazakhstan announce that construction has begun on phase two of the planned Kazakhstan-China oil pipeline. Phase two entails an 800-mile connection between Atasu in Central Kazakhstan and Alashanku on the Chinese border. Phase one was launched last year, and the entire pipeline is schedule for completion in 2008. China's oil demand has been growing rapidly in recent years, and this growth is expected to continue. The Kazakhstan-China pipeline will allow oil from Kazakhstan's prolific Caspian Sea region fields to be piped directly to Chinese refineries. (WMRC)

February 25 An international consortium of oil companies, known as Agip KCO and led by Italy's ENI, reach an agreement with the government of Kazakhstan on development of Kazakhstan's Kashagan oil field. Kashagan was discovered in 2000 and is estimated to hold proven oil reserves of 9-13 billion barrels of oil. The consortium members and the government had previously disagreed over the project's start-date, but today settled on initial production beginning in 2008, three years later than originally planned. According to the agreement, the field is expected to reach peak production of 1.2 million barrels per day by 2016. (NYT, WMRC)

February 26 Veteran energy analyst Matt Simmons outlines the results of his forthcoming analysis of Saudi Arabia's oil reserves at the Center for Strategic and International Studies in Washington, D.C.. Simmons suggests that Saudi Arabia, which is the world's largest oil producer and holds most of the world's spare oil production capacity, could suffer production declines in the next 5-10 years due to rapid depletion of the Kingdom's recoverable reserves. Representatives from Saudi Aramco refute Mr. Simmons's assertion, claiming that current production levels—or even higher—are sustainable for decades to come. (NYT, WSJ, WMRC)

February 26 The United States rescinds a ban on travel to Libya and authorizes U.S. oil companies with pre-sanctions holdings in Libya to negotiate on their return to the country if and when the United States lifts economic sanctions. The United States first imposed sanctions on Libya in 1986 following terrorist attacks in Rome and Vienna. Several U.S. oil companies were forced to abandon their assets in Libya when sanctions were imposed in 1986, including the "Oasis Group" (Marathon Oil, ConocoPhillips, Amerada Hess) and Occidental Petroleum. (WSJ)

February 27 U.S. officials in Iraq announce that the Khor al-Amaya oil export terminal on the Persian Gulf has partially reopened, after the successful completion of repairs. Two of the four loading berths are operational, with a total capacity of around 250,000-300,000 barrels per day, reportedly helping to increase country's export capacity. (Reuters)

March 2004

March 1 Venezuelan President Hugo Chavez states publicly that if Washington were to impose economic sanctions or invade Venezuela, his country would discontinue oil supplies to the United States. "Mr. Bush must know that if he gets the mad idea of trying to blockade Venezuela, or, even worse, of invading Venezuela—if that happened, the people of the United States should know that not a drop more would reach them from Venezuela," said President Chavez. Venezuela was the fourth largest foreign supplier of oil to the United States in 2003. (Reuters)

March 1 Iraq's northern oil export pipeline, Kirkuk-Ceyhan, resumes pumping oil after having been sabotaged several times. Oil flows through the pipeline are only at partial capacity and are being conducted under a "news blackout" to avoid further sabotage efforts. Re-opening of the pipeline, which runs from Iraq, northward to the Turkish port of Ceyhan, gives Iraq another outlet for its lucrative crude oil exports. (WSJ)

March 4 China's State Council approves a plan to build a national strategic petroleum reserve to be utilized in the event of a global oil supply disruption. The plan will make China one of the few countries in the world to hold strategic reserves. China was the world's third largest consumer of petroleum products in 2002, after the United States and Japan. (DJ)

March 4 Newly appointed Chairman of Royal Dutch/Shell, Jeroen van der Veer, retracts the claims of ousted Chairman Sir Phillip Watts that the company's January 9, 2004, revision of oil reserves was made "in good faith." On January 9, 2004, Royal Dutch/Shell announced that it had overstated its proven oil and gas reserves by 3.9 billion barrels, or 20%, claiming overly optimistic assumptions about plans for developing its fields around the world. Later, on February 19, 2004, it was announced that the U.S. Securities and Exchange Commission had launched a formal investigation and on March 3, 2004, Mr. Watts and another official resigned over the controversy. Other investigations have since been launched by the U.S. Department of Justice and European regulators. (NYT, WMRC)

March 5 The supply of liquefied natural gas (LNG) to the United States from Trinidad and Tobago is abruptly halted due to a strike at the country's Atlantic LNG facility. Striking tugboat workers force the closure of two of the facility's three LNG trains. The striking workers reportedly return to work on March 10 and deliveries to the U.S. are resumed. Trinidad and Tobago is the largest LNG exporter to the United States and supplies are expected to increase over the next few years as more production trains are added. (Reuters, WMRC)

March 12 A landslide ruptures the SOTE, one of Ecuador's two crude oil pipelines, halting exports. The roughly 400,000-barrel-per-day pipeline extends about 300 miles from the Lago Agrio area in the Oriente to the Balao terminal near the port city of Esmeraldas. Ecuador's state oil company is compelled to declare *force majeure* on petroleum exports. Repairs are completed on March 24, 2004, and in the interim, smaller quantities of crude oil are diverted through Ecuador's other oil pipeline, Oleoducto de Crudos Pesados (OCP). (Platts, WMRC)

March 13 Iran bars nuclear inspectors from entering the country for an indefinite period of time after the International Atomic Energy Agency (IAEA) passes a resolution rebuking Iran for failure to fully disclose the details of its past nuclear activity. Iran's top nuclear official, Hassan Rouhani says, "Today, IAEA inspectors were expected to arrive in Iran. We will not allow them to come until Iran sets a new date for their visit. This is a protest by Iran in reaction to the passage of the resolution." (WP)

March 16 The Energy Information Administration, the independent statistical and analytical agency within the U.S. Department of Energy, releases its report, *Analysis of Oil and Gas Production in the Arctic National Wildlife Refuge* (ANWR). The 20-page report forecasts the impact that development plans for ANWR could have on domestic oil production, U.S. dependence on foreign oil, and oil prices. (AP)

March 17 The flow of oil through Iraq's Kirkuk-Ceyhan oil export pipeline is halted after a partial resumption at the beginning of this month. Iraqi authorities reportedly uncover corrosion along the line, forcing them to stop operations until technicians can make repairs. According to press reports, the pipeline remains idle for the rest of March. (DJ)

March 17 Crude oil for April delivery on the New York Mercantile Exchange (NYMEX) settles at $38.18 per barrel, marking a thirteen-year high (in nominal dollars). The day's settlement price is the highest since October 16, 1990. Recent upward pressure on oil prices is attributed to several factors, including OPEC's pending output cut scheduled for April 1, relatively low U.S. oil inventories, and growing oil demand worldwide. (LAT, USAT)

March 26 Royal Dutch/Shell signs an agreement with Libya's state oil company, National Oil Corporation, establishing a landmark partnership to develop Libya's long-neglected oil and natural gas industries. Since Libya abandoned its weapons of mass destruction program last December, oil and gas companies from around the world have been hoping to sign deals in the country. This includes several American firms which were forced to abandon their assets in Libya when sanctions were imposed in 1986. On February 26, 2004, Washington rescinded a ban on travel to Libya and authorized U.S. oil companies with pre-sanctions holdings in Libya to negotiate on their return to the country if and when the United States lifts economic sanctions. (NYT, WMRC)

March 29 The U.S. average retail price for regular gasoline hits a nominal high point, unadjusted for inflation, of 175.8 cents per gallon, which is 1.1 cents per gallon higher than the previous all-time high set on August 25, 2003. The average price of $1.758 per gallon as of March 29 is still a far cry from the inflation-adjusted March 1981 average price, which would be equivalent to $2.99 per gallon in today's dollars. (EIA)

March 31 OPEC members unanimously agree to implement the cartel's oil production cuts effective April 1, as agreed to in February. Relatively high prices for oil and petroleum products had prompted several consuming countries, including the United States, to suggest that OPEC members vote to postpone the cuts and put downward pressure on oil prices. According to the cartel's official communiqué following the meeting, "Notwithstanding prevailing high prices, the Conference observed that the crude oil market remains more than well supplied as the world moves into the traditionally lower seasonal demand period." (Reuters)

April 2004

April 1 Argentina begins rationing natural gas exports to Chile in an effort to stave off a domestic energy crisis. With Argentine natural gas demand rapidly outpacing supply, the Argentine government announced in late March its intentions to begin limiting natural gas exports to Chilean utilities, effective April 1, 2004. Despite depending on Argentina for roughly 80% of its natural gas supply in 2002, Chile is not compelled to begin rationing electricity. Andean relations are further complicated later in the month when Bolivia pledges natural gas to Argentina on the condition that none of it is passed on to Chile, its historical rival. (DJ, FT)

April 5 The U.S.-Canada Power System Outage Task Force, led by U.S. Secretary of Energy Spencer Abraham and Canadian Natural Resource Minister Herbert Dhaliwal, releases its *Final Report on the August 14th Blackout in the United States and Canada*. The report groups the causes of the blackout in to four categories: inadequate system understanding, inadequate situational awareness, inadequate tree trimming and inadequate diagnostic support. The report also includes 46 recommendations for preventing future blackouts. (LAT, DOE)

April 14 The U.S. Securities and Exchange Commission (SEC) announces a change in policy concerning assessments of hydrocarbon reserves in the Gulf of Mexico. The SEC will now accept confirmation of proved reserves in the Gulf of Mexico by several "standard methods," which include recent technological advancements. Before the announcement, the SEC rules stipulated that only a flow test could confirm proved reserves in the Gulf of Mexico. (WSJ)

April 19 Venezuelan President Hugo Chavez reiterates the threats he made last month to stop selling oil to the United States. President Chavez accuses the United States of “intervening in Venezuela’s domestic affairs,” and suggests that such intervention could, “spark a conflict here, and it would be absurd to continue selling oil to them [the United States].” The United States denies Chavez’s charges. Venezuela was the fourth largest foreign supplier of oil to the United States in 2003. (DJ, WMRC)

April 21 A car bomb explodes outside a police building in Riyadh, Saudi Arabia, marking the first major attack by militants on governmental targets in the Kingdom. Four people are killed and 148 are wounded. The country’s major export facilities are not harmed, but port authorities maintain a “heightened sense of security.” Saudi Arabia is the world’s largest oil producer and America’s second largest foreign supplier of crude oil and petroleum products after Canada. (Reuters, Platts, EIA)

April 21 The United Nations (UN) Security Council unanimously endorses an independent investigation into charges of corruption in the UN-administered “oil-for-food” program in Iraq. The "oil-for-food" program was established by the United Nations in 1995, and used proceeds from the sale of Iraqi oil to buy food and medicine for Iraqis as well as to finance infrastructure and humanitarian projects. The program was officially handed over to the U.S.-led administration in Baghdad in November, 2003. Recently, allegations have arisen in the Iraqi press that foreign administrators of the “oil-for-food” program were receiving inappropriate proceeds from oil sales before the war. (LAT, NYT)

April 23 The United States eases economic sanctions maintained against Libya since 1986. A written statement from the White House Press Secretary states, “ U.S. companies will be able to buy or invest in Libyan oil and products. U.S. commercial banks and other financial service providers will be able to participate in and support these transactions.” (WP)

April 23 Libya’s state-owned National Oil Corporation (NOC) announces its first shipment of oil to the United States in over 20 years. The spokesman did not name the company with whom NOC has contracted to sell the oil, but states that the cargo will be loaded in May and should reach the United States by late May or early June. The United States first imposed sanctions on Libya in 1986 following terrorist attacks in Rome and Vienna. (Reuters)

April 24 Suicide bombers attack Iraq’s Basra maritime oil terminal, killing three U.S. Navy sailors and damaging one tanker berth. Roughly 90% of Iraq’s crude oil exports are currently loaded on to tankers at the Basra terminal, and the incident marks the first known attack on these maritime facilities since the onset of war in March 2003. Previously, efforts by Iraqi insurgents to dismantle the country’s oil industry had focused on facilities on the ground, including pipelines and pumping stations. Iraqi Oil Minister Mohammad Bahr al-Uloum announces the next day (4/25) that “damage was limited and exports are flowing back at the same rates.” (AP, Reuters)

April 24 Five people are killed in Nigeria’s Delta region, including two Americans and three Nigerians, when gunmen attack a boat carrying oil workers. The five oil workers were reportedly investigating ChevronTexaco facilities which had been abandoned in March 2003 but had since been considered for re-opening. Following the attack ChevronTexaco withdraws all personnel from the Western Delta region and suspends activities in the area pending an assessment of the security situation. (WP, WMRC)

April 27 U.S. Secretary of Energy Spencer Abraham awards $350 million to researchers investigating hydrogen fuel technology. This represents the first tranche of the $1.2 billion in funding for the development of hydrogen powered vehicles promised during President Bush's January 2003 State of the Union address. The money will be divided amongst more than 130 research institutions and auto manufacturers and will address several issues, including the storage, cost and distribution of hydrogen fuel. The funding is intended to help industry meet the Bush Administration's goal of having hydrogen-powered vehicles on the road by 2015. (AP, USAT)

May 2004

May 1 Militants in Saudi Arabia attack an office of foreign petroleum industry contractors in the oil port city of Yanbu, killing five foreigners and two police officers, as well as injuring other foreigners and police and damaging facilities frequented by foreign workers. The initial attack occurs just outside a petrochemical plant. (DJ)

May 4 The Director of Planning for the National Oil Company of Libya announces that Libya will hold an auction by the middle of 2004 for eight new prospective oil and natural gas projects. This will be the first opportunity for U.S. energy companies to do new business in Libya since the end of U.S. sanctions in April 2004. (NYT)

May 4 Pioneer Natural Resources agrees to purchase Evergreen Resources for $1.94 billion in cash and stock. This gives Pioneer access to Evergreen's large natural gas production base and reserves in the Rocky Mountain region of North America, one of few regions in North America where natural gas production is increasing. (WSJ)

May 4 The Electricity Generating Authority of Thailand approves a power development plan involving an investment of 520 billion baht ($13 billion) for the construction of 21 new power plants. (WSJ)

May 8 A southern oil pipeline to Iraqi export facilities at the Basra and Khor al-Amaya terminals is attacked by saboteurs. Exact damage assessments are unclear, but according to the U.S. Army Corps of Engineers, pumping to the offshore export terminals has stopped. Iraqi Oil Ministry officials announce that repairs are completed on May 18. (Reuters)

May 9 Saudi Aramco and Sumitomo Chemical Company of Japan agree to create one of the largest petrochemical complexes in the world. The facility will be built at Rabigh, on the Red Sea coast of Saudi Arabia, near Yanbu. Total investment could be as high as $4.3 billion, with the plant expected to have a capacity of 2.2 million metric tons per day of olefins. (Reuters)

May 11 Argentinean President Nestor Kirchner announces the formation of a new state energy company, Energia Argentina. The new company will work to expand Argentina's natural gas transport capacity in order to avoid gas and electricity shortages during the coming winter. Also, the company will undertake joint investments in oil and gas exploration. The federal government will own 53% of the company; the provinces 12%; and private investors 35%. (WSJ)

May 11 A Union Bank of Switzerland report shows that U.S. refining margins have reached an all-time nominal high for the week ending May 8, at $12.61 per barrel of crude oil refined. (Reuters)

May 17 The governments of China and Kazakhstan reach an agreement for the construction of a 770-mile, multi-billion-dollar oil pipeline between the two countries. This will allow Kazakhstan to increase its oil exports to China in the future. The pipeline is to have an initial capacity of 10 million metric tons (about 73 million barrels) per year. (Reuters)

May 20 BP announces that it will invest $2.5 billion for natural gas exploration in Trinidad and Tobago over the next five years. BP intends to increase its natural gas production there from 400,000 barrels per day of oil equivalent to 550,000 barrels per day of oil equivalent by 2008. (Reuters)

May 21 The NuCoastal group of investors agrees to purchase bankrupt energy company Enron's North American natural gas pipelines for $2.2 billion. The NuCoastal group, which includes Citigroup, ArcLight Capital Partners, Kelso & Company, and Oscar S. Wyatt, would gain control of Enron operation CrossCountry Energy, with 9,900 miles of pipelines and a capacity to carry 8.5 billion cubic feet per day of natural gas. (NYT, WSJ)

May 22 OPEC oil ministers meet in Amsterdam at a forum of energy producing and consuming nations to discuss a response to high oil prices (near-month West Texas Intermediate was above $40 per barrel the previous week). Saudi Arabia calls on OPEC to raise production quotas by as much as 11%, but the ministers do not come to an agreement other than to meet again in Beirut on June 3. Saudi Arabia decides to unilaterally increase its crude oil production beyond its quota to 9.1 million barrels per day in June. (Reuters)

May 24 Near-month crude oil futures on the NYMEX reach a record nominal settlement high of $41.72 per barrel, as the promise of increased output by Saudi Arabia at the Amsterdam conference appears not to assuage traders' concerns that demand is outpacing supply. (Reuters)

May 25 Mexican Energy Minister Felipe Calderon announces that Mexican state oil company Pemex will attempt to increase crude oil exports from the current 1.88 million barrels per day to 1.95 million barrels per day in the second half of 2004. (Reuters)

May 26 U.S. Secretary of Energy Spencer Abraham announces a $450 million initiative to retrieve and secure tons of highly enriched uranium dispersed among reactors and repositories throughout the world. Highly enriched uranium is fissile and can be used in atomic weapons. (WP)

May 30 Saudi militants attack a complex in Khobar, Saudi Arabia, housing foreign workers. After killing various Saudis and foreigners upon entering the compound on May 29, the militants take hostages, and later kill nine of them. Three of the militants are able to escape despite the efforts of the Saudi security forces. This attack, as well as earlier ones in the kingdom, has foreigners and foreign firms reconsidering their presence in Saudi Arabia. (Reuters)

May 31 Mexican Energy Minister Felipe Calderon resigns unexpectedly after being criticized by President Vicente Fox for his political activities. This is expected to further delay efforts by the Fox administration to reform Mexico's energy sector. (Reuters)

June 2004

June 1 Near-month crude oil futures on the NYMEX reach a record nominal settlement high of $42.33 per barrel, with traders thought to be reacting to the weekend terrorist attacks in Saudi Arabia on top of an already tight market. This is the highest nominal settlement price since the founding of the NYMEX crude oil futures market in 1983. (WSJ)

June 2 Mexican President Vicente Fox appoints Fernando Elizondo Barragan as Mexico's new Minister of Energy, after the resignation of his predecessor on May 31. At the inauguration of the new minister, President Fox states, "We need to continue with large investments, and get through the necessary energy reforms.” (NYT, DJ)

June 2 India’s Petroleum and Natural Gas Secretary, B.K. Chaturvedi states, “By the end of this year, we will begin working on the project [of building a strategic petroleum reserve]. By late 2007, India's strategic oil reserves should be ready.” In January, the previous government approved an oil security plan to create 5 million metric tons of strategic oil reserves. (DJ)

June 3 OPEC Ministers meeting in Beirut agree to raise OPEC production quotas by a combined 2 million barrels per day effective July 1 and a further 500,000 barrels per day effective August 1. This will bring the combined quota in August for the 10 OPEC countries participating in the quota system (Iraq does not participate) to 26 million barrels per day. Crude oil prices fall somewhat in response to this news. OPEC is scheduled to meet again on July 21 to review this decision. (AP)

June 3 Electoral authorities in Venezuela announce that 2.45 million valid signatures have been obtained for a referendum on the presidency of Hugo Chavez, surpassing the minimum of 2.44 million required for a referendum to go forward. President Chavez indicates that he accepts the referendum, which is likely to take place in August. If President Chavez loses the referendum, he will be recalled, according to Venezuela’s constitution. (Reuters)

June 3 Nigeria’s 125,000-barrel-per-day crude oil capacity Warri refinery resumes operation after being offline since April 2003, according to the Nigerian National Petroleum Corporation. It does not begin operation at near full capacity, as engineers are still testing certain operations. Nigeria, despite being one of the world’s largest crude oil exporters, has had to import the majority of its finished petroleum product demand because the country’s four refineries run at about 30% of capacity and even when operating near capacity are inadequate to supply gasoline demand. (Reuters)

June 4 U.S. Assistant Secretary of Commerce William H. Lash announces that Libya has sent its first shipment of crude oil to the United States since the resumption of ties between the countries in recent months. (AP)

June 5 The Nigerian military kills 17 bandits in the oil-rich Delta state as part of an effort to combat oil theft, piracy, and kidnappings of oil workers in the area. Such criminal activity has contributed to Nigeria’s inability to produce crude oil at full capacity. Local civil organizations accuse the military of killing innocent civilians, not involved in criminal activities, in the crackdown. Fighting continues on June 13, when one soldier and several more alleged criminals are killed. (Reuters)

June 6 A law is approved in Kuwait that will allow the country to partially privatize the downstream sector. A new company for retail petroleum product sales will be created that will have the state-owned Kuwait National Petroleum Company as a minority stakeholder. This is the first step of efforts by Kuwait’s Supreme Petroleum Council to privatize part of Kuwait’s petroleum sector, particularly the downstream operations. (Reuters)

June 9 Saboteurs explode a portion of a key oil pipeline in northern Iraq, about 125 miles north of Baghdad, stopping the flow of crude oil from the Kirkuk field to Iraq’s largest refinery at Baiji. Also, an explosion and fire at a power plant near the refinery forces a 10% cut in electricity to the national grid. It is unclear whether the fire at the power plant was accidental or an act of sabotage. Crude oil exports to Ceyhan remain suspended until June 23. (WP, AP, Reuters)

June 14 Dominion Power and Statoil of Norway announce an agreement on a 20-year contract giving Statoil access to increased capacity at the Dominion Cove Point liquefied natural gas (LNG) plant in Maryland. As part of the deal, the regasification facility will expand its capacity by 800 million cubic feet per day and its on-site storage facility by 6.8 billion cubic feet by 2008. Smaller associated transport and storage projects in Maryland and Pennsylvania will also be built by 2008. (DJ)

June 15 Saboteurs attack two oil pipelines in southern Iraq, bringing a temporary halt to much of Iraq's oil exports as the Basra Oil Terminal is closed. Recently, total Iraqi exports had reached as high as 1.8 million barrels per day of crude oil. Pumping resumes on a limited basis on June 21, and is close to normal by June 25. (WSJ, Reuters)

June 15 Workers of French state energy companies Electricite de France and Gaz de France go on strike in protest over plans to privatize the two companies. Workers reduce electricity output by about 15% on June 15 and by 10% on June 16. A 225-kilovolt line between France and Spain is also cut, and reductions are targeted at areas where prominent politicians live and at national landmarks as the strike continues throughout the month. The striking workers also cause delivery reductions at two LNG terminals. (Reuters)

June 17 Atmos Energy announces that it has agreed to acquire the natural gas operations of TXU Corporation for $1.93 billion. This will transform Atmos into one of the largest distributors of natural gas in the United States, and particularly in Texas, where Atmos will control 6,800 miles of pipeline. The deal also reflects TXU's efforts to focus on its core electricity business. (NYT)

June 18 Norwegian oil workers from the OFS Union go on strike, halting production at the Snorre and Vigdis fields on June 19, and the Ekofisk platform on June 22. This takes a total of 375,000 barrels per day of crude oil offline. Production of about 62.2 million cubic feet of natural gas per day is also taken offline. This same day, the Norwegian Prime Minister appoints a new Minister of Oil and Energy, Thorhild Widvey, formerly deputy foreign minister. She states that there will be no change in the country's energy policies. (DJ, Reuters)

June 22 The Secretary of State for Mines and Energy of Equatorial Guinea, Gabriel Nguema Lima, announces that the country's national oil company, GEPetrol, has signed a contract with Marathon Oil of the United States for the construction of a $1.4 billion liquefied natural gas liquefaction and export facility. The plant will produce 3.4 million metric tons a year and will begin operating by 2007. (DJ)

June 25 The Norwegian government orders striking oil workers back to work after an eight-day strike, with binding arbitration to ensue. Around 375,000 barrels per day of crude oil production are brought back online over the following few days. (Reuters)

June 28 The United States and Libya formally resume diplomatic relations, which had been severed since May 1981. Assistant U.S. Secretary of State William Burns opens a U.S. liaison office in Tripoli, and Libya plans to open a similar a similar office in Washington, D.C., according to the Department of State. Libya holds the largest proven oil reserves in Africa, according to some estimates. (Bloomberg)

June 28 Parliamentary elections are held in Canada. Canadian Prime Minister Paul Martin's ruling Liberal party loses seats and a majority, but retains a plurality in parliament. The Liberals will stay in government as a minority in coalition with the New Democrats, with Paul Martin continuing as Prime Minister. Canada is one of the world's largest energy consumers and producers, and a major source of U.S. energy imports. (Reuters)

June 28 The transfer of sovereignty in Iraq from the Coalition Provisional Authority (CPA), led by U.S. diplomat Paul Bremer, to an interim Iraqi government, led by President Ghazi al Yawer and Prime Minister Iyad Allawi occurs, two days ahead of schedule. It is hoped that a government led by Iraqis will be more acceptable than the CPA to many Iraqis. Legal, though not physical, custody of former Iraqi dictator Saddam Hussein is awarded to the new Iraqi government on June 30. (Reuters)

June 29 Royal Dutch/Shell announces that it began pumping natural gas on June 23 from a world record depth of 7,570 feet of water in the U.S. Gulf of Mexico at the company's Coulomb project. The twin wells will produce about 100 million cubic feet of natural gas per day for the U.S. market. (Reuters)

June 29 The U.S. Environmental Protection Agency releases a report showing that 243 counties of the United States, with about 99 million residents, fail to meet national air standards for fine particle pollution. The air in these counties makes for an increased risk of health problems. The source of this pollution is mainly diesel vehicles, thermal power plants, and other industry. Eventually, state and local officials will have to devise plans to reduce the pollution. (WP, NYT)

June 30 The U.S. Energy Information Administration (EIA) releases a report showing that carbon dioxide emissions from energy sources in the United States increased by 0.9% in 2003, from 5,736 million metric tons of carbon dioxide in 2002 to 5,788 million metric tons in 2003. The upward increase is attributed to increased economic growth, colder winter weather, and more reliance on coal and petroleum, rather than natural gas, for electric power generation. (EIA)

July 2004

July 1 In an effort to increase output at existing oilfields, the Iraqi oil ministry introduces a tender for an engineering study of two of its largest producing fields, northern Kirkuk and southern Rumaila. The ministry intends to make a decision regarding the tender before early October 2004. Companies have until July 29, 2004 to submit offers. Before the U.S.-led invasion, Kirkuk was producing around 700,000 to 800,000 barrels per day (bbl/d), but since that time, reduced transport capacity, due to attacks on the export pipeline to Ceyhan, has led to a sharp decrease in production. Although current production at the Rumaila fields is estimated at about 1.3 million bbl/d, further improvement of pumping stations and related infrastructure is needed to increase output. (WMRC).

July 3 Royal Dutch/Shell Group says that the overstatement of its proven oil and natural gas reserves resulted in profits being exaggerated by $276 million, and that "inappropriate" accounting in other areas resulted in profits being embellished by an additional $156 million. (NYT).

July 5 Following the registration of reserves at the Koushk and Hosseinieh fields, Iran announces that it now holds the world's second-largest conventional oil reserves. The two fields have now been reclassified as a single field, Yadavaran. According to this report, Iran now possesses larger reserves than Iraq. (WMRC)

July 5 The Iranian oil minister states that Iran's production capacity is expected to increase to 4.3 million bbl/d by March 2005, from its current level of 3.9 million bbl/d.(WMRC)

July 8 Natural gas production from Algeria's In Salah fields, operated byBP, Statoil, and Sonatrach, begins ahead of schedule. Initial production was expected to begin in October 2004. The gas fields will add about 848 million cubic feet per day (Mmcf/d) to the nation's overall natural gas production, with eventual output from the fields reaching as high as 1.8 billion cubic feet per day (Bcf/d). Most of this gas is destined for the Southern European market. (WMRC)

July 9 Inan attempt to avoid bankruptcy, the beleaguered Russian oil giant Yukos reportedly offers to pay $7.5 billion in back taxes over three years. The company has already failed to meet a July 7, 2004, deadline for repayment of $3.4 billion in back taxes. According to analysts, the total bill could eventually rise to $10 billion. The Russian Finance Minister Alexei Kudrin however, refuses to grant the troubled oil giant an extension, marking yet another rejection by the Russian government to allow Yukos to settle accumulating back taxes. (G & M, Reuters)

July 12 According to International Energy Agency (IEA) Executive Director, Claude Mandil, Russian oil production will not be significantly impacted in the short term by the legal turmoil at Yukos. Mr. Mandil declares, " Today it's not a worry because so far Yukos output has not been seriously diminished and if it is, it will be replaced by other Russian companies." (Reuters)

July 13 Rejecting lower figures issued by the IEA regarding its oil production, Venezuela, the world's fifth largest oil exporter, releases statements indicating a crude oil production level of 3.1 million bbl/d. According to Venezuelan Energy Minister, Rafael Ramirez, "We can confirm and show that our petroleum production is at levels established by OPEC, that we are meeting all of our obligations." (DJ)

July 13 According to Kuwaiti Energy Minister Ahmad al-Sabah, the $6 billion "Project Kuwait," involving the development of six northern oilfields with the assistance of foreign companies, will be launched by the end of 2004. The project hopes to increase production at six northern oilfields from 588,000 bbl/d to 1.2 million bbl/d. (WMRC)

July 15 China's National Oil & Gas Exploration & Development Corp. (CNODC) and Kazakhstan's Transneftegaz establish a joint venture (JV) to build an oil pipeline linking the two countries. CNODC, a unit of China National Petroleum Corp. (CNPC), and Transneftegaz, the oil and gas transportation arm of Kazakhstan's state oil and gas company Kazmunaigaz, will each hold a 50% stake in the JV, which is slated to begin constructing the second phase of an 808-mile (1,300-km) pipeline this year from Atasu to Alashanku on the Kazakh-Chinese border. (WMRC)

July 15 OPEC agrees to raise its crude oil production target by 500,000 barrels (2% of current OPEC production) by August 1—in an effort to moderate high crude oil prices. (WSJ)

July 18 Bolivians vote in favor of five referendum questions concerning the nation's hydrocarbon production, specifically natural gas. The questions asked of Bolivians include whether the Hydrocarbons Law should be repealed; whether the state should recover all ownership of hydrocarbons; whether the state-owned oil companies should reclaim partly-privatized companies in the country; whether voters agree with President Mesa's attempts to reclaim access to the sea; and whether gas should be exported under a national policy framework. (Bloomberg, The Economist, WMRC)

July 22 Yukos warns that it could go bankrupt within three weeks because of the government's decision to freeze its assets and bank accounts, jeopardizing the operations of Russia's largest oil producer and potentially disrupting the company's exports to world markets. (WP)

July 26 Syria and Iraq sign an oil cooperation accord involving the exchange of Syrian petroleum products, kerosene, benzene and liquefied gas, in exchange for Iraqi crude oil. (WMRC)

July 28 Steven M. Theede, the top manager of Yukos, states that the company is continuing oil production despite news reports that suggest the Russian government will force the company to shut down its production. According to Theede, the production subsidiaries of Yukos received a government notice last week barring them from selling property. The company's attorneys were trying to determine whether the ban considers crude oil to be property. (WP)

July 28 Oil prices leap past $43 per barrel, a 21-year high, due to fears that a disruption in Yukos's production could significantly reduce crude shipments from the world's second largest oil-exporting nation. (WSJ)

July 29 Royal Dutch/Shell Group announces that it will pay a total of nearly $151 million in fines to U.S. and British authorities for overstating its oil and natural gas reserves. (WP)

July 30 A major natural gas pipeline explodes in Belgium, killing as many as 15 people and injuring more than a 100. The pipeline carries natural gas from the Belgian port of Zeebrugge to northern France. (CNN,WT)

August 2004

August 2 Iran and Iraq agree to a framework for a crude oil swap and transit agreement. This arrangement will allow Iraq to find an alternate route for its exports, which have been subject to frequent sabotage and outages. (WMRC)

August 3 The World Bank agrees to new lending rules intended to prevent the funding of corrupt regimes with revenues from oil and natural gas projects. Among other things, the rules call for the disclosure of World Bank-financed revenues from oil-related projects by companies and countries. Another rule requires the World Bank to publicly reveal how it views corruption in a particular nation before it grants a loan for an oil or natural gas project. At the same time, however, the Bank rejects calls to pull funding from these projects entirely. (WP)

August 4 In preparation for an auction of its 7.6% stake in Lukoil, the Russian government sets a minimum price of $1.26 billion for its shares. Lukoil is the second largest oil company in the world as measured by proven hydrocarbon reserves.Analysts expect that the sale will help restore investor confidence which has been adversely affected by recent government actions taken against Yukos. (NYT)

August 4 In an effort to provide landlocked Bolivia greater access to world energy markets, Bolivian President Carlos Mesa signs a letter of intent with his Peruvian counterpart, Alejandro Toledo, allowing Bolivia to use the Peruvian port of Ilo to export liquefied natural gas (LNG) to Mexico and the United States. (WMRC)

August 9 The Russian government disregards the August 6 ruling of a Moscow court and seizes the main production unit of Yukos, Yuganskneftegaz. On August 6, the court had declared that the Russian government's seizure of Yuganskneftegaz was illegal, a decision which had marked the first major court victory for Yukos since Russian authorities began proceedings against the company more than a year ago. Furthermore, on August 5, the government had unexpectedly withdrawn permission for Yukos to use its financial assets to continue operations, reversing a decision made 24 hours earlier. (WP, WSJ)

August 10 Salym Petroleum Development (SPD), the 50:50 joint venture between Shell and Evikhon (a majority-owned subsidiary of Sibir Energy) in Western Siberia, announces that it has begun oil production at the Upper Salym field. The company states that its first exploration well, drilled to a depth of 7,597 feet (2,316 meters), struck oil in the Bonus structure of the Upper Salym field. (WMRC)

August 11 In an effort to reign in high oil prices, Saudi Arabia announces that it can increase production by as much as 14%, an estimated 1.3 million barrels per day (bbl/d), if needed. The Saudi announcement, however, does little to assuage oil markets as prices continue to rise, with NYMEX crude up $0.28 per barrel at the close of trading to $44.80 per barrel. (USA,WMRC)

August 15 Despite protests from the opposition that the referendum was unfair, Venezuelan President Hugo Chavez wins a recall vote, allowing him to stay in office for the remaining 2 years of his term. According to Venezuela's National Electoral Council, 58% of the voters back Chavez. (Reuters)

August 20 Russian Prime Minister Mikhail Fradkov and Ukrainian Prime Minister Viktor Yanukovych sign two bilateral agreements to boost their countries' oil and gas sector cooperation. One accord commits the two nations to construct and fill the approximately $2.5 billion Bogorodchany (Ivano-Frankivsk region in Russia)-Uzhgorod (Zakarpattya region in Ukraine) gas pipeline, initially agreed upon in 2003. (WMRC)

August 23 During a conversation with U.S. President George Bush, Russian President Vladimir Putin states that Russian oil companies will continue to increase production and exports in an effort to reduce rising global oil prices. (WMRC)

August 24 Despite U.S. oil prices approaching $50 a barrel, the International Energy Agency (IEA) declares that there are no current plans for the nations of the Organization for Economic Cooperation and Development (OECD) to tap strategic oil reserves. (DJ)

August 24 Nigeria's senate issues a resolution requiring Royal Dutch/Shell Group to pay $1.5 billion in compensation to the Ijaw people of the Niger River Delta. During the last half-century that it has been producing oil in the region, the company's operations have reportedly led to health problems and environmental damage. (WSJ)

August 25 U.S. Vice President Dick Cheney declares that the United States will only release oil from the Strategic Petroleum Reserve in the event of a serious supply emergency, described as the loss of 5-6 million barrels per day out of the approximately 20 million barrels per day consumed by the United States. (Bloomberg, WMRC).

August 27 Following week-long discussions between Russian and Chinese energy officials in China, Russia's state-owned gas company Gazprom announces the signing of a bilateral agreement between the two nations. The agreement focuses on hastening construction of a Russia-China natural gas pipeline. (WMRC)

August 30 Iraq's State Oil Marketing Organisation (SOMO), the body that oversees Iraqi oil export sales, signs an oil supply agreement with the Turkish state oil refiner Tupras for deliveries from September through December 2004. The agreement marks the first term deal signed by SOMO for the export of oil via the Kirkuk (Iraq)-Ceyhan (Turkey) oil pipeline since the U.S.-led invasion of Iraq in March 2003. The deal calls for Tupras to purchase 2 million barrels per month over the term of the contract. (WMRC)

August 30 According to officials at Mexico's state-owned oil company, Petroleos Mexicanos (Pemex), large new oil deposits have been found in the Gulf of Mexico, potentially bringing the nation's total reserves to 102 billion barrels. The company's head of exploration and production, Luis Ramirez, states that the oil find can "put us on a par with reserves levels of the big players like Iraq, United Arab Emirates, Kuwait, or Iraq." Global industry analysts, however, doubt the claims of Pemex cautioning that since actual drilling has not taken place, Pemex's reserve numbers are only estimates.

September 2004

September 1 Royal Dutch/Shell announces it will add about 140,000 barrels per day (bbl/d) of crude oil output from Iran's offshore Gulf Soroush/Nowruz oilfields toward the end of 2004, bringing the oilfield to full capacity about nine months later than planned. Shell is already pumping about 50,000 bbl/d from the Soroush field, which should double its output by year's end. The Nowruz field, which has yet to begin production, will yield another 90,000 bbl/d and take the combined fields to 190,000 bbl/d. (Reuters)

September 2 A new International Atomic Energy Agency (IAEA) report states that Iran converted as much as 77 pounds of raw uranium (yellowcake) during early 2004, and the country plans another larger test this month. The test would entail 40 metric tons of raw uranium, enough to make 220 pounds of weapons-grade uranium. (WP)

September 2 Mild weather causes a decrease in air conditioning demand and natural gas futures prices respond by falling below $5 per million British thermal units (MMBtu). This is the lowest level since November 2003. (NYT)

September 2 OAO Yukos, Russia's largest oil producer, announces that a court ruling would "paralyze" the company's operations because the ruling would seize $2.63 billion in the accounts of the company's main production unit and refinery. Prompt month NYMEX oil prices increase over $1 per barrel in intraday trading after this announcement to close at $44.06 per barrel. (WSJ, NYT)

September 7 Hurricane Frances interrupts regular gasoline supplies to Florida. Four gasoline tankers unload 125 million gallons of fuel after the storm to replenish supplies as 2.5 million people are evacuated. Gulf of Mexico production area avoids expected damage from the Hurricane. (AP, NYT)

September 13 State-owned China National Offshore Oil Corp (CNOOC) signs a sale contract for liquefied natural gas (LNG) it would import from the BP-led Tangguh project in Indonesia. In addition to the contract entailing the sale of gas to five city-piped gas firms and three power plants in Fujian is an agreement on LNG transportation for the terminal project. The construction of the LNG terminal will cost $560 million and will have an initial expected capacity of 3 million metric tons per year. The joint venture partners also sign a 25-year gas sales-and-purchase agreement with the Tangguh LNG project partners for 2.6 million metric tons/year of supply starting in 2007. (Platts)

September 14 In the biggest disruption of the region's output in at least two years, Hurricane Ivan forces Shell Oil Co.,ChevronTexaco, ExxonMobil, and Total, to shut some hundreds of thousands of barrels per day of Gulf of Mexico oil production as the companies evacuate more than 3,000 workers from the offshore platforms. Oil tankers from Venezuela also face a three-day delay on deliveries to the United States because of the hurricane. The U.S. Minerals Management Service reports that Ivan has reduced Gulf Coast oil production by 61%. (Bloomberg, DJ, Reuters).

September 14 Saboteurs blow up an oil pipeline in northern Iraq, preventing export of approximately 200,000-300,000 bbl/d in crude oil deliveries to Ceyhan from northern Kirkuk oilfields. Engineers say they will need 3-7 days to repair the pipeline, and exports resume September 23. (AP)

September 15 OPEC ministers meet in Vienna and announce plans to lift member countries' oil supply quotas by one million barrels per day, or four percent. Official output allocations for 10 OPEC countries will rise to 27 million bbl/d, from 26 million bbl/d, beginning November 1. (WP, Reuters)

September 15 Gazprom, the Russian state-controlled natural gas company, announces it will take over Rosneft, the state oil firm. By executing the stock swap, the state increases its ownership percentage in Gazprom from 38% to 50% and transforms what is already the world's largest natural gas producer (20% of world gas production) into a significant oil producer as well. The combined company would have a value of $5.89 billion and would hold oil and gas reserves of about 117.7 billion barrels of oil equivalent. The swap will also make it possible for foreign companies to buy directly into the company. (WP, WSJ)

September 16 A pipeline explodes in Nigeria leaving 15 people dead after a fire ignited near the pipeline. Some of those killed and injured were siphoning petroleum from a vandalized pipeline. (DJ)

September 20 Russian oil company Yukos announces that it is immediately reducing its rail exports of crude oil to China by approximately 100,000 bbl/d. This marks the first time that Yukos' tax dispute with the government has hindered its ability to transport oil. Yukos expects the reductions to continue for approximately one month. (WSJ, NYT)

September 20 President Bush lifts a variety of U.S. sanctions on Libya, paving the way for American oil companies to try to secure contracts or revive previous contracts for tapping Libya's oil reserves, estimated at approximately 36 billion barrels. (NYT)

September 21 OPEC-member Indonesia holds a peaceful election in which 100 million people vote for a new president despite the threat of terrorist attacks. Preliminary results show that Susilo Bambang Yudhoyono, a retired general and former security minister, wins a resounding victory over President Megawati Sukarnoputri. (WSJ)

September 23 The Energy Information Administration (EIA) reports that proven U.S. crude oil reserves slipped by 3.5% in 2003 to 21.9 billion barrels, the first decline in five years. Total oil discoveries were 1.2 billion barrels in 2003, 30% more than a year earlier and 16% more than the 10-year average. Most of the new oil discoveries were in the Gulf of Mexico. U.S. natural gas reserves moved higher in 2003, marking the fifth straight year U.S. gas reserves have increased. (Oil Daily)

September 24 In the aftermath of Hurricane Ivan, U.S. Secretary of Energy Spencer Abraham agrees to release 1.7 million barrels of oil in the form of a loan from the Strategic Petroleum Reserve. Refineries are reporting supply shortages due to cuts in production and delayed imports. Prices of NYMEX WTI prompt month crude oil rise $0.42 to $48.88 per barrel for the prompt month contract despite the release. A bout 472,000 bbl/d of crude oil production remains shut-in, along with 2.3 billion cubic feet per day (bcf/d) of natural gas production. The U.S. Minerals Management Service (MMS) reports that cumulative total federal offshore oil production lost to date is 9.6 million barrels of crude oil and 40.9 billion cubic feet of natural gas. (NYT)

September 28 The Niger Delta People Volunteer Force in OPEC-member Nigeria issues a statement warning multinational oil companies to shut production and withdraw staff in preparation for "an all-out war on the Nigerian state." Companies respond by heightening security around Nigerian oilfields. (Reuters)

September 29 Construction begins on the 613-mile long oil pipeline from Atasu, in northwestern Kazakhstan, to Alataw Pass in China's northwestern Xinjiang region. The pipeline's completion date is December 2005 at an estimated cost of $700 million. China and Kazakhstan's respective national oil and gas companies signed the agreement in May 2004. The pipeline will be able to carry approximately 192,000 bbl/d of oil once completed in 2005, and consortium owners are planning eventual capacity expansions. (DJ)

September 30 Lasting effects of Hurricane Ivan, the most disruptive hurricane to the U.S. Gulf Coast production zone since 1992, have caused shut-ins of 12.9 million barrels of oil production since Sep 11, with about 485,000 bbl/d still shut in. (Reuters)

September 30 ConocoPhillips announces a $2.36 billion strategic alliance with OAO Lukoil, under which Conoco will buy a 7.6% stake in the Russian oil company and get a share in joint projects. The deal provides Conoco access to Russia's enormous but largely undeveloped oil and natural gas reserves and opens a possible avenue for it to become the first Western petroleum producer to return to Iraq. Conoco also announces plans to raise its stake to 10% by year-end and to 20% within two to three years, which would cost about $3 billion at current prices. (WSJ)

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